

Message Text

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PAGE 01 DACCA 01388 01 OF 02 171238Z
ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 AGRE-00 AID-05 EB-08 IO-13
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NEAE-00 /070 W
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P R 160920Z MAR 77
FM AMEMBASSY DACCA
TO SECSTATE WASHDC PRIORITY 3892
INFO AMEMBASSY CANBERRA
AMEMBASSY OTTAWA
AMEMBASSY LONDON
AMEMBASSY ROME
USMISSION EC BRUSSELS

LIMITED OFFICIAL USE SECTION 1 OF 2 DACCA 1388

C O R R E C T E D C O P Y TEXT PARA 5 (A) LINE 6

ROME FOR FODAG

E.O. 11652: N/A
TAGS: EAID, EAGR, BG
SUBJECT: RENEWED BDG FOOD AID APPEAL AT LOCAL DONORS' MEETING

REF: A. DACCA 613, B. DACCA 961, C. DACCA 1188, D. A-28,
FEB. 18, 1977

1. SUMMARY. AT MARCH 14 LOCAL DONORS' MEETING, AIR
VICE MARSHAL A. G. MAHMOOD CITED AND UPDATED EARLIER
FOOD AID APPEAL (REFTELS). MAHMOOD APPEALED FOR ADDI-
TIONAL 600,000 MT BY JUNE 30, 1977. HE BASED APPEAL
ON STANDARD NATIONAL FOODGRAIN BUDGET (TEXT AIR POUCHED),
SHOWING 1976/77 "GAP" (REQUIREMENTS LESS PRODUCTION) OF'
1.9 MILLION METRIC TONS (MMT) AND IMPORT REQUIREMENTS
BEYOND 6000,00,000 MT ALREADY "MOBILIZED" OF 1.3 MMT.

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PAGE 02 DACCA 01388 01 OF 02 171238Z

DISCUSSION BROUGHT OUT: FEBRUARY RATION OFFTAKES
TOTALLED 147,000 TONS, IMPORT SHIPMENTS SCHEDULED THROUGH
JUNE 30 SLIPPING SOMEWHAT FROM REFTEL C, AND WFP/BDG
AGREEMENT TO ISSUE SOONEST REVISED WFP FOODGRAIN FORECAST
(REF D) THROUGH DECEMBER 31, 1977. BDG OFFICIALS BALKED
AT IBRD CHEIF'S SUGGESTION TO HOLD FURTHER MEETING EITH
LOCAL DONORS, AS "DRY RUN" FOR BANGLADESH AID GROUP

MEETING, TO EXAMINE BDG FOOD DISTRIBUTION POLICIES IN RELATION TO PRODUCTION POLICIES AND FOOD SELF-SUFFICIENCY GOAL, BUT SUCH A MEETING MAY YET TAKE PLACE. THE BDG WILL DEVELOP ITS POSITION DURING THE NEXT FEW WEEKS ON FOODGRAIN REQUIREMENTS FOR NEXT FISCAL YEAR, BUT WILL CLEARLY NEED MORE FOOD IMPORTS EARLY IN SECOND HALF OF CY 1977 AND IT APPARENT BULK OF SUCH IMPORTS WILL NEED TO COME FROM NORTH AMERICA. END SUMMARY.

2. LOCAL DONORS' GROUP, CHAIRED BY IBRD MISSION CHIEF MET MARCH 14 TO HEAR FOODGRAIN APPEAL BY AIR VICE MARSHAL A.G. MAHMOOD, DCMLA AND ADVISOR RESPONSIBLE FOR FOOD MINISTRY. SECRETARIES OF PLANNING AND FINANCE AND OFFICERS OF FOOD MINISTRY ALSO PRESENT, TOGETHER WITH REGULAR DONOR GROUP MEMBERS (INCLUDING IRAN), AND WFP, IMF AND UNDP.

3. MAHMOOD READ PREPARED PRESENTATION ON REVISED 1976/77 NATIONAL FOODGRAIN BUDGET. (TEXT, WITH ANNEXES SHOWING BOTH EARLIER AND REVISED FOODGRAIN BUDGETS, FOLLOWS BY AIRGRAM. POPULATION, AT 83.1 MILLION MULTIPLIED BY MINIMUM DAILY CONSUMPTION REQUIREMENT OF 15.5 OZ. GIVES TOTAL 76/77 REQUIREMENT OF 13,117,000 MT. REVISED 1976/77 CROPWISE AGRICULTURAL PRODUCTION TOTALS FOLLOW:

CROP	PRODUCTION
	(THOUSAND MT)
AUS (SUMMER, 1976 RICE CROP)	
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PAGE 03 DACCA 01388 01 OF 02 171238Z

("ACTUAL ESTIMATE")	3,011
AMAN (FALL, 1976, RICE CROP)	
("ACTUAL ESTIMATE")	6,850
BORO (SPRING, 1977 RICE CROP)(PROJECTION")	2,300
WHEAT (SPRING, 1977)("PROJECTION")	250
TOTAL	12,411

AMAN ESTIMATE REVISED DOWNWARD AS RESULT OF "DROUGHT"; BORO FORECAST DOWN AS LESS LOW-LIFT PUMPS BEING UTILIZED THAN PROJECTED EARLIER. DIFFERENCES FROM EARLIER ESTIMATES TOTAL A REDUCTION OF 700,000 TONS (WE VERY MUCH DOUBT THE DIFFERENCE IS THIS GREAT).

4. TOATL REQUIREMENT LESS DOMESTIC PRODUCTION (REDUCED BY 10 PERCENT FROM SEED, FEED AND WASTAGE) LEAVES GAP OF 1.9 MMT. MAHMOOD, NOTING 600,000 MT HAD ALREADY ARRIVED OR FIRMLY SCHEDULED, APPEALED FOR ADDITIONAL 600,000 MT BY JUNE 30, 1977, IN PART TO MEET REQUIREMENT OF JULY-SEPTEMBER, 1977 LEAN (FOODSHORT)

PERIOD. BDG DELEGATION OBSERVED THAT DONORS ARE NOT FULFILLING 1976 AID GROUP PLEDGES AND BDG WILL NOT ACHIEVE DONOR-SANCTIONED STOCK TARGET OF 900,000 MT BY JUNE 30, 1977.

5. IRREVELANCE OF NATIONAL FOOD GAP APPROACH TO PROBLEM OF MEETING RATION SYSTEM NEEDS COMBINED WITH IMPOSSIBILITY OF MOVING MORE THAN 150,000 MT PER MONTH AT THIS TIME THROUGH CHITTAGONG AND CHALNA LED GROUP TO MOVE QUICKLY ON TO ACTUAL CURRENT SITUATION AS FOLLOWS:

(A) RATION OFFTAKES. FEBRUARY OFFTAKES TOTALLED 147,000 TONS (150,000 MT). JUMP FROM 106,000 IN JANUARY EXPLAINED BY RISING OPEN MARKET RICE PRICES. BDG HAD REDUCED STATUTORY RATION BACK TO PRE-OCTOBER, 1976 LEVELS, AND ESTIMATES MONTHLY SAVING OF 8,000 MT. THIS FEBRUARY OFFTAKE FIGURE RAISED POSSIBILITY OF HIGHER LIMITED OFFICIAL USE

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PAGE 04 DACCA 01388 01 OF 02 171238Z

MONTHLY OFFTAKES THROUGH JUNE THAN PROJECTED REF D.

(B) IMPORT ARRIVALS. DONOR REPS UPDATED MARCH-JUNE IMPORT ARRIVALS AS FOLLOWS:

(I) EEC: 75,000 MT OF WHEAT TO BE SHIPPED FROM EUROPE BETWEEN APRIL 15 TO 30 AND AN ADDITIONAL 75,000 MT TO BE SHIPPED BETWEEN MAY 15-30; BOTH SHIPMENTS TO ARRIVE BANGLADESH APPROXIMATELY 30 DAYS LATER. A FURTHER 70,000 MT TO BE SHIPPED IN JUNE OR JULY AND TO ARRIVE IN JULY OR AUGUST.

(II) WFP: 65,000 MT ORDERED FOR MAY SHIPMENT; WILL DEFINITELY ARRIVE BEFORE JUNE 30;

(III) UK: 20,000 MT TO BE SHIPPED AS SOON AS POSSIBLE, BUT NO DATE YET DEFINITE:

(IV) FRG: 40,000 MT TO ARRIVE BY JUNE 30, PROVIDED AGREEMENT IS SIGNED PROMPTLY (TEXT OF PROPOSED AGREEMENT IS WITH BDG).

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PAGE 01 DACCA 01388 02 OF 02 170244Z
ACTION NEA-10

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USIA-06 COME-00 TRSE-00 PA-01 CIAE-00 INR-07 NSAE-00
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P R 160920Z MAR 77
FM AMEMBASSY DACCA
TO /SECSTATE WASHDC PRIORITY 3893
INFO AMEMBASSY CANBERRA
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LIMITED OFFICIAL USE SECTION 2 OF 2 DACCA 1388

ROME FOR FODAG

(V) TOTAL IMPORT ARRIVALS FROM JULY 1, 1976
THROUGH JUNE 30, 1977 WOULD TOTAL 610,000 (REF D) PLUS
65,000 WFP AND 40,000 FRG FOR REVISED FISCAL YEAR TOTAL
OF 715,000.

(VI) OTHER SHIPMENTS AFTER JUNE 30, 1977:
CANADIAN HICOM IMPLIED CANADA WOULD AGAIN SUPPLY FOODGRAIN
DURING JULY-SEPTEMBER PERIOD AT PAST YEARS' LEVEL (130,-
000 MT); US INDICATED PL-480, TITLE I PROGRAM NOW UNDER
DISCUSSION WITH BDG.

(C) PROCUREMENT DRIVE AND STOCK LEVEL. PROCUREMENT
TARGET FOR NEXT YEAR WILL BE NOT LESS THAN 500,000 MT.
REVISED TARGET FOR THIS YEAR IS 400,000 TONS, BDG FOOD-
GRAIN STOCKS TOTALLED 467,000 MT AS OF 12 MARCH; VOLUN-
TARY PROCUREMENT DRIVE HAD BROUGHT IN 258,799 MT THROUGH
11 MARCH. MORE PROCUREMENT CENTERS WERE BEING OPENED;
THERE WAS NO FINANCIAL CONSTRIANT AND PROCUREMENT DRIVE
WOULD CONTINUE THROUGH JUNE 30, MAHMOOD SAID. THE BDG
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PAGE 02 DACCA 01388 02 OF 02 170244Z

HAS MADE NO ESTIMATE OF STOCKS NOW HELD BY PRIVATE
TRADE TO WHOM BANGLADESH BANK HAS OFFERED SUBSTANTIAL
CREDIT FACILITIES. FINANCE SECRETARY SYEDUZZAMAN SAID
THAT BDG AIMS TO STOCK POSITION OF ONE MILLION METRIC TONS
AT END OF NEXT FISCAL YEAR (JUNE 30, 1978).

(D) REVISED FOODGRAIN FORECAST. IN RESPONSE US
CALL FOR FOODGRAIN FORECAST THROUGH DECEMBER, 1977, WFP
AND BDG OFFICIALS AGREED TO MEET PROMPTLY TO UPDATE
FORECAST (REF D).

(E) STORAGE CAPACITY. REGARDING STORAGE CAPACITY,
MAHMOOD SAYS IT IS NOW 1.2 MMT. THE BDG SPENT TK 270
MILLION THIS YEAR ON CONSTRUCTION AND REHABILITATION OF
GODOWNS.

(F) AGRICULTURAL PRODUCTION AND FOOD IMPORT POLICIES. AUSTRALIAN HICOM SUGGESTED A MEETING WITH LOCAL DONORS, AT TIME TO BE ARRANGED BY IBRD, TO DISCUSS BOTH RATION SYSTEM AND FOODGRAIN IMPORT POLICIES ON ONE HAND AND AGRICULTURAL PRODUCTION POLICIES LOOKING TOWARD FOODGRAIN SELF-SUFFICIENCY ON THE OTHER HAND. THE IBRD CHIEF SAW SUCH A DISCUSSION AS PRELIMINARY AND INFORMAL "DRY RUN" FOR DISCUSSION OF BDG POLICIES AND REACTIONS TO IBRD AND DONOR RECOMMENDATIONS IN FOOD POLICIES AREA AT JULY 7,8 BANGLADESH AID GROUP MEETING IN PARIS. MAHMOOD AND SECRETARIES OF FINANCE AND PLANNING ADDRESSED VARIOUS FACETS OF THIS PROBLEM BUT MADE NO COMMITMENT TO SUCH A MEETING.

6. OUTLOOK FOR JULY-DECEMBER, 1977. BDG OFFICIALS EXPRESSED CONCERN, EVEN ALARM, THAT BDG WOULD FACE DIFFICULT SITUATION IN JULY-DECEMBER, 1977 PERIOD, AND PARTICULARLY DURING JULY-SEPTEMBER PRE-AMAN HARVEST "LEAN SEASON", WHEN PRIVATE STOCKS ARE LOW AND PRICES MOST VOLATILE. IMF ALSO ECHOED THIS CONCERN, AS TO VARYING EXTENT, DID OTHER DONORS. WHILE 485,000 MT STOCK LEVEL PROJECTED FROM JUNE 30 WOULD BE RECALCULATED IN WFP REVISED FORECAST YET TO BE ISSUED, IT IS ALREADY APPLICABLE FOR LIMITED OFFICIAL USE

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PAGE 03 DACCA 01388 02 OF 02 170244Z

PARENT, GIVEN LIKELIHOOD OF HIGHER OFFTAKES AND REDUCED PROCUREMENT, THAT IMPORTS BEYOND (1) US PL-480, TITLE I SHIPMENTS OF 200,000 MT; (2) TITLE II SHIPMENTS OF 57,000 MT; (3) CANADIAN 130,000 MT; AND (4) EEC 70,000 MT AND SOME AMOUNT, SAY 70,000, FROM AUSTRALIA, WILL BE NEEDED TO MAINTAIN OFFTAKES EVEN AT REDUCED 1976 RATE OF 638,259 FOR JULY-DECEMBER PERIOD. (JULY-DECEMBER OFFTAKES TOTALLED 989,000 MT IN 1975 AND 939,000 IN FOOD-SHORT 1974.)

7. WE ARE PREPARING AN ANALYSIS OF THE FOODGRAIN STOCK SITUATION WHICH SUGGESTS RELEVANT FACTORS NOT MENTIONED IN THE BDG PRESENTATION. THIS ANALYSIS FOLLOWS SEPT. MASTERS

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Message Attributes

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Disposition Approved on Date:
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